

**SCHEME
OF
REDUCTION OF CAPITAL
BETWEEN
CEREBRA INTEGRATED TECHNOLOGIES LIMITED
AND
ITS SHAREHOLDERS**



THIS SCHEME PROVIDES FOR REDUCTION OF CAPITAL OF
CEREBRA INTEGRATED TECHNOLOGIES LIMITED

PART- I

1. DEFINITIONS

In this Scheme unless repugnant to the meaning or context thereof, the following expressions shall have the meaning as mentioned herein below:

- a. **'Act'** means the Companies Act, 1956 or Companies Act, 2013, as the case may be, the rules and regulations made thereunder and will include any statutory modifications, re-enactments and/or amendments thereof from time to time;
- b. **'Appointed Date'** means 01st April, 2019 or such other date as may be approved by the National Company Law Tribunal (NCLT) or such other appropriate authority;
- c. **'Award'** shall collectively referred to as Awards.
- d. **'Board'** or **'Board of Directors'** means Board of Directors of the Company;
- e. **'BSE'** shall mean BSE Limited;
- f. **'Company'** means Cerebra Integrated Technologies Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at S5, Off 3rd Cross, Peenya Indl. Area, Peenya I Stage Bangalore 560 058.
- g. **'DSE'** or **'Designated Stock Exchange'** means a Stock Exchange which is chosen by the Company in accordance with SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 and amendments thereof and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and for the purpose of the Scheme, BSE Limited is the DSE;
- h. **'Listing Regulations'** shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;
- i. **'Listing Agreement'** shall mean an agreement that is entered into between a recognized Stock Exchange and an entity, on the application of that entity to the recognised Stock Exchange, undertaking to comply with conditions for listing of designated securities as per the provisions of the Listing Regulations;
- j. **'Accumulated Losses'** means the losses that have been carried forward from previous years and the amount shown in the audited Balance Sheet of



theCompany;

- k. **'NSE'** shall mean the National Stock Exchange of India Limited;
- l. **'₹'** shall mean the lawful currency of India, that is, Indian Rupees;
- m. **'SEBI'** shall mean the Securities and Exchange Board of India;
- n. **'Stock Exchanges'** shall mean BSE and NSE collectively;
- o. **'The Court'** shall mean "High Court" or Hon'ble National Company Law Tribunal (NCLT), Bengaluru Bench or such tribunal or any other appropriate forum or authority having jurisdiction to approve the Scheme as per the law for the time being in force;
- p. **'The Effective Date'** for the Scheme shall mean the date on which certified copies of the order of the NCLT under Sections 66 of the Companies Act, 2013, if applicable and as the case may be, and other applicable provisions of the Act, if any, will be filed with the Registrar of Companies, Bangalore and if the certified copies are filed on different dates, the last of such dates;
- q. **'This Scheme or The Scheme or Scheme'** means this Scheme of reduction of Capital between the Company and its Shareholders in its present form or with such alterations/ modifications as may be approved by the Hon'ble NCLT or any regulatory authority under the applicable law;
- r. The words **'Shareholder'** and member are used to denote the same meaning and are used interchangeably.

All terms and words not defined in the Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, Securities Contract Regulation Act, 1956, Securities and Exchange Board of India Act, 1992, Depositories Act, 1996 and Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, Listing Regulations, Listing Agreement and other applicable laws, rules, regulations, bye laws, as the case may be or any statutory modifications or re-enactment thereof from time to time.



PART- II

1. DESCRIPTION OF THE COMPANY

A. Incorporation of the Company

"CEREBRA INTEGRATED TECHNOLOGIES LIMITED"

CEREBRA INTEGRATED TECHNOLOGIES LIMITED incorporated under the Companies Act, 1956, on 31st December, 1993 in the State of Karnataka vide CIN L85110KA1993PLC015091. The Company is a public limited company listed with NSE and BSE.

B. Main Objects of the Company

1. To carry on the business of manufacturers, assemblers, fabricators, importers, exporters, buyers, sellers, distributors or otherwise dealers in computers like micro, mini and/or personal computers and their components, accessories and peripherals.
2. To carry on the business as manufacturers, dealers, exporters, buyers and sellers or otherwise users in any manner of the raw materials, stores, components etc., used for the manufacture of electronic goods including computers like micro, mini and/or personal computers and their components, accessories and peripherals.
3. To manufacture, develop, import, export, buy, sell (on installments, hire purchase or other basis), distribute, repair, convert, alter, let on hire and otherwise deal in all kinds of electronic data products including calculators, micro computer, mini computer and other similar articles, products, devices and their accessories, spares, parts, components and assemblers and all kinds of instruments, apparatuses, appliances and gadgets used for or in connection with any of the aforesaid items.
4. To manufacture, develop, import, export, buy sell (on installments, hire purchase or other basis), distribute, repair, convert, alter, let on hire and otherwise deal in electronic, electrical, electro-mechanical and other similar equipment, used in the fields of communication, office equipment, instrumentation and process control products and devices and their accessories, stores, spares, parts, components, assemblies and all kinds of instruments, apparatuses, appliances and gadgets used for or in connection with any of the aforesaid items.
5. To carry on the business as buyers, sellers, let on hire, repair, job order work of electronic goods, machinery, components, parts, accessories and fittings of all kinds for electronic goods including micro, mini and personal computers and articles and things of being used in connection with manufacture, maintaining and working therewith and to buy and/or acquire any proprietorship, partnership or any body corporate which is doing similar business.



6. To advise and render consultancy and other services of professional and technical nature to industries, Firms, Associations, Enterprises, Institutions, Bodies Corporate and all type of Concerns.
7. To acquire and hold one or more membership either as main broker or sub-broker in stock/security like National Stock Exchange, Over the counter Exchange of India including any regional stock exchange, trade association, commodity exchanges, clearing houses or associations or otherwise in India or any part of the world, to secure membership privilege there from and to acquire and hold membership in any association of bankers, merchant bankers, insurance companies, brokers, security dealers or commodity dealers or any other associations, membership of which will or is likely in any way to facilitate the conduct of the company's business.
8. To undertake the designing and development of systems and application software either for its own use or for sale in India or for export outside and to design and develop such systems and application software for or on behalf of manufacturers, owners and users of computer systems and digital/electronic equipment in India or elsewhere.
9. To set up a project to cater to Medical Transcription service to the overseas hospitals, and to develop all kinds of required software need of health care industry like medical coding, insurance billing and insurance claims settlement, also to offer transcription services to other areas like legal and other business fraternity.
10. To collect all kinds of electronic waste items which would include completely dead electronic items, can be repaired, can be partly salvaged or can be fully salvaged items. Electronic items would cover the entire gamut of products which has some electronic circuit in them like TVs, phones, computers, remotes, control panels of kitchen appliances or anything which has a printed circuit board in them and to setup a line which would assess the electronic waste and categorize the waste into the various categories as described above.
11. To setup a repair process/centre which would repair/refurbish all electronic items and would be repackaged for re-sale as refurbished products, a process and plant to extract and refine copper, tin and other non-precious metals from these electronic waste items and convert it into its pure form for resale and reuse, a process and plant to extract Precious Group Metals like Gold, Palladium Beryllium etc., and convert it into its pure form for resale and reuse, a process and plant to ensure that all data that is stored on the Storage media of computers and other information devices are fully destroyed and are not extractable, a process/plant and go down to be able to trade in all types of metal, non-metal and other raw materials which are generated out of this electronic wastes, plastic recovery process and plant which would recover plastics and these would be sold again as refurbished plastic to Plastic Moulding companies. As a part of this process other bio-grade products would be processed and would then be refined for use as fuel/oil or as a direct raw material for generating power".



C. Capital Structure of the Company as on 31st March, 2019

Share Capital	Amount in ₹
Authorised: 12,60,00,000 Equity Shares of ₹ 10/-each	For Equity Shares: ₹ 1,26,00,00,000/-
Issued: 1,21,20,67,82 Equity Shares of ₹ 10/- each Forfeited (20,300 Equity Shares, ₹ 5 paid on each Share)	For Equity Shares: ₹ 1,21,20,67,820/- ₹1,01,500/- being forfeited money
Paid-up: 12,11,86,482 Equity Shares of ₹ 10/- each	₹ 1,21,19,66,320/-

The entire Equity Shares i.e 12,11,86,482 Equity Shares being paid up Shares of the Company are Enlisted on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

D. Compliance with Tax Laws

This Scheme has been drawn up to comply also with the provisions of the Income-Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section of the Income-Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the provisions of the Income-tax Act, 1961.



PART – III

SCHEME FOR REDUCTION OF SHARE CAPITAL

1. Current paid-up capital of the Company is ₹ 1,21,19,66,320/- comprising 12,11,86,482 Equity Shares of ₹ 10/- each as on 30th June, 2019.

The Board, in its Meeting held on 30th May, 2019, has, after careful consideration of various documents, circumstances and facts, took on record the Award granted by Justice V. Jagannathan, Former Judge, High Court of Karnataka, Sole Arbitrator in the matters of Arbitration Disputes:

- (i) Between Cerebra Integrated Technologies Limited (Claimant) and Cimelia Resources Recovery Pte. Ltd (Respondent), Singapore for 23,00,000 (Twenty Three Lakhs) Equity Shares
- (ii) Between Cerebra Integrated Technologies Limited (Claimant) and Leytron Resources Technologies Pte. Ltd (Respondent), Singapore for 33,00,000 (Thirty Three Lakhs) Equity Shares
- (iii) Between Cerebra Integrated Technologies Limited (Claimant) and Leytron Restorer Corp Pte. Ltd (Respondent), Singapore for 36,00,000 (Thirty Six Lakhs) Equity Shares

The above Shares were allotted at a premium of Rs. 7.50 per share.

Details of said Arbitration have been exhibited elsewhere in the Scheme. In pursuance of the same, the Board has formed a Committee of Directors to consider, approve and recommend the proposal reduction of the Paid up Share Capital of the Company from Rs. 1,21,19,66,320/- (Rupees One Hundred Twenty One Crores Nineteen Lakhs Sixty Six Thousand Three Hundred Twenty only) divided into 12,11,86,482 Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs. 1,11,99,66,320/- (Rupees One Hundred Eleven Crores Ninety Nine Lakhs Sixty Six Thousand Three Hundred Twenty only) divided into 11,19,86,482 Equity Shares of Rs. 10/- (Rupees Ten only) each fully paid up, by cancelling and extinguishing Paid-up Equity Share Capital of Rs. 9,20,00,000/- (Rupees Nine Crores Twenty Lakhs only) divided into 92,00,000 (Ninety Two Lakhs) Equity Shares of Rs. 10/- (Rupees Ten only) each fully paid up, pursuant to the Awards passed by the Hon'ble Arbitral Tribunal in the matter of Arbitration Dispute under the Arbitration and Conciliation Act, 1996 dated 22nd March, 2019 without any payout for the Shares being cancelled.

The Shares issued are unrepresented by corresponding available assets as the Company has made provision for the entire assets acquired out of the said allotment in its Profit and Loss statement for the year ended 31st March, 2019.

The Paid up Share Capital of the Company shall stand reduced to the extent of the face value of the Shares so extinguished.



2. JUSTIFICATIONS FOR THE SCHEME

The Company had entered into 3 Master Services Agreements with Cimelia Resource Recovery Pte Ltd, Leytron Technologies Pte Ltd and Restorer Corp Pte Ltd for which it had allotted 92,00,000 (Ninety Two Lakhs) Equity Shares on 24th May, 2011 for a consideration other than cash upon the receipt of FIPB approval as advances for setting up e-Waste plant in India for supply of Plant and Machinery, Implementation, installation; commissioning and proper working of plant and machineries and Technical knowhow, setting up of plant & machinery, identification of suppliers etc.

Further, certain disputes arose among the above parties and the Company in respect of the performance of the Agreements and matters related thereto. Consequently, the Company initiated the proceedings against the parties claiming several reliefs before the Arbitral Tribunal under the Arbitration and Conciliation Act, 1996.

After considerable proceedings with multiple hearings, the parties decided to amicably settle their *inter-se* disputes and accordingly agreed for the settlement and filed the Compromise Petition under the Arbitration and Conciliation Act, 1996.

Based on the above said Petition, Awards have been passed by the Hon'ble Arbitral Tribunal in the matter of Arbitration Dispute under the Arbitration and Conciliation Act, 1996 on 22nd March, 2019 for the Reduction of Share Capital of the Company by 92 Lakhs Equity Shares, read with the National Company Law Tribunal (Procedure for Reduction of Share Capital) Rules, 2016 and subject to the approval of the Shareholders and confirmation by the Hon'ble National Company Law Tribunal, Bengaluru Bench.

Following further averments are hereby made:

- (a) The Article 8 of Articles of Association of the Company authorizes the Company to reduce its share capital in any manner and in accordance with the provision of the Act.



3. OBJECTS/ BENEFITS ARISING OUT OF THE SCHEME

- (a) Under this Scheme, if approved, the Company will represent true financial position which would benefit both Shareholders as their holding will yield better results and value and also enable the Company to explore opportunities to benefit of the Shareholders of the Company including in the form of dividend payment as per the applicable provisions of the Act.
 - (b) The Scheme does not involve any financial outlay / outgo and therefore, would not affect the ability or liquidity of the Company to meet its obligations/ commitments in the normal course of business. Further, this Scheme would also not in any way adversely affect the ordinary operations of the Company.
 - (c) The true financial statement of the Company would ensure the Company to expand and smoothen the business activity and to attract new source of avenue and in turn enhancement of its shareholders' value.
- 4. The proposed reduction of the paid-up share capital of the Company does not involve any payment of the paid up share capital to the Shareholders of the Company nor does it result in extinguishment of any liability or diminution of any liability.
 - 5. The Scheme does not envisage transfer or vesting of any of the properties and/or liabilities of the Company to any person or entity. The Scheme also does not involve any conveyance or transfer of any property of the Company.
 - 6. The consent of the members of the Company to this Scheme of reduction of capital of the Company shall be taken through a Resolution under the provisions of Section 66 of the Companies Act, 2013, if applicable and any other applicable provisions.

7. EFFECT OF THE SCHEME

- The proposed reduction of capital will be accordingly reflected in the books of accounts of the Company, by crediting retained earnings and debiting share capital account.
- 8. By effecting this proposal, there is no outflow of/ payout of funds from the Company and hence the interests of the creditors is not adversely affected. The reasons for reduction of capital of the Company under Section 52 of the Companies Act, 2013, read with Section 66 of the Companies Act, 2013, if applicable are intended for the benefit of all the stakeholders including creditors.
 - 9. The shareholding pattern of the Company and the number of Shares shall consequently be altered and the pre and post reduction shareholding pattern of the Company will be as follows:



Particulars	Prior to the Scheme as on 30 th June, 2019		After the implementation of the Scheme as on 30 th June, 2019	
	No. of Shares (₹ 10/- each)	% of total	No. of Shares (₹ 10/- each)	% of total
Promoter and Promoter Group	86,03,219	7.10	86,03,219	7.68
Non- Promoters (Public)	11,25,83,263	92.90	10,33,83,263	92.32
Total	12,11,86,482	100	11,19,86,482	100

10. The Company shall make all applications/ petitions as may be required under the applicable laws including, but not limited to, Section 66 of the Companies Act, 2013, if applicable and other applicable provisions of the Act to the NCLT, for obtaining the sanction of the NCLT of this Scheme of Reduction of Capital, under Section 66 of the Companies Act, 2013, if applicable and other applicable provisions of the Act and for such orders for carrying this Scheme into effect.

PART – IV

GENERAL TERMS AND CONDITIONS APPLICABLE TO THE ENTIRE SCHEME

1.CONDITIONALITY OF SCHEME

The Scheme is conditional upon and subject to:

- (a) the Scheme being agreed to, by the respective requisite majorities of members of the Company as required under the Act and the requisite sanction and orders of the NCLT or of such other authority having jurisdiction under applicable law, being obtained;
- (b) the requisite sanctions and approvals under the applicable law including but not limited to approvals, sanctions required under SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 issued by SEBI read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and as may be required by law in respect of this Scheme being obtained;
- (c) the Scheme being approved by the NCLT under Section 66 Companies Act, 2013, if applicable, and all other applicable provisions if any, of the Act; and
- (d) the certified copy of the above Order passed by Hon'ble NCLT sanctioning this Scheme being filed with the Registrar of Companies, Bengaluru.
- (e) passing of Special Resolutions and facilitate obtaining the approvals for the Scheme through Postal Ballot and e-voting to their respective Shareholders in respect



of the Convened General Meetings and such Special Resolution shall be acted upon only if the votes cast by public shareholders in favor of the proposal are more than the votes cast by public shareholders against it.

2. COSTS, CHARGES AND EXPENSES

All past, present and future costs, charges, levies, duties, and expenses in relation to or in connection with or incidental to the Scheme or the implementation thereof shall be borne by the Company and all of the above costs (including stamp duty, if any) shall be treated as costs relating to the Scheme.

3. IMPACT OF THE SCHEME ON EMPLOYEES/ WORKERS

The Scheme shall not have any adverse impact on the employees and workers of the Company.

4. IMPACT OF THE SCHEME ON CREDITORS/ BANKS/ FINANCIAL INSTITUTIONS

The Scheme will not have any adverse impact on any of the Company's creditors/ banks/ financial institutions. They would in fact be generally benefitted as the Scheme would help improving the financial position of the Company. The Scheme will help the revival of the Company which will be in the interest of the Company's creditors/ banks/ financial institutions.

5. LEGAL PROCEEDINGS

The Scheme would not affect any legal or other proceedings by or against the Company.

6. APPLICATION TO THE NCLT

This Scheme involves reduction of share capital as contemplated by Article 8 of the Company's Articles of Association. The Company shall make all applications/petitions under Section 66 of the Companies Act, 2013 (as the case may be), to the extent applicable, and other applicable provisions of the Act to the NCLT for sanctioning of this Scheme and obtain all approvals as may be required under law.

7. MODIFICATIONS / AMENDMENTS OF THE SCHEME

The Company, by its Board or such other person or persons, as the Board may authorize, may make, or affect or assent to any modification or amendment of the Scheme which the NCLT and/or any other authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable by the Board for settling any question or doubt or difficulty that may arise for –implementing and/or carrying out the Scheme or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith, as may be considered by the Board to be in the best interest of the Company and its members including the withdrawal of the Scheme, and do all such acts, deeds and things as may be necessary, desirable or expedient for giving effect to the Scheme.



8. EFFECT OF NON-RECEIPT OF APPROVALS/ SANCTIONS

In the event of any of the aforesaid sanctions and approvals not being obtained and/ or the Scheme not being sanctioned by the NCLT and/ or the order or orders not being passed as aforesaid, the Scheme shall become null and void, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law and the Company shall bear and pay the costs, charges and expenses for/ or in connection with the Scheme.

9. SEVERABILITY

If, in the opinion of the Board, any part of the Scheme is found to be unworkable for any reason whatsoever, the same shall not affect the validity or implementation of other parts or provisions of the Scheme. If any part of this Scheme is hereof is invalid, ruled illegal by any appropriate authority of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Board that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become material adverse, in which case the Board shall attempt to bring a suitable modification to the Scheme. The Board shall be entitled to revoke, cancel and declare the Scheme of no effect, if the Board is of the view that the coming into effect of the Scheme would have adverse implications on the Company.

10. PARTLY PAID- UP SHARES

As on date the Company does not have any partly-paid up Shares.

11. CROSS HOLDING

Since it is not a matter concerning to merge or de-merge, the concept of cross holding does not apply.

12. DESIGNATED STOCK EXCHANGE:

The Designated Stock Exchange for interaction with SEBI shall be the BSE Limited.

13. LISTING OF SHARES

Notwithstanding the reduction of capital of the Company in pursuance of this Scheme, the listing benefit of the Company on the Stock Exchanges where the existing Equity Shares of the Company are listed shall continue and the Company will comply with the applicable provisions of the Listing Agreement with the Stock Exchanges.

Notwithstanding the reduction of capital of the Company in pursuance of this Scheme, the Company shall not be required to add the words "And Reduced" to its name as the last words thereof.

